

MAINE REVENUE SERVICES

**Income/Estate Tax Division
24 State House Station
Augusta, ME 04333-0024**



INSTRUCTIONAL PAMPHLET FOR INDIVIDUAL INCOME TAX

**Schedule NR
Worksheet A
Worksheet B
Worksheet C**

for Nonresidents and Part-Year Residents

Use Maine Revenue Services' Web site (www.state.me.us/revenue) to download tax forms and instructions or obtain tax information, including tax laws and regulations.

To receive forms by mail, call (207) 624-7894. The forms line is available every day, 24 hours a day. Please allow two weeks to receive the forms you order.

For additional assistance with your tax questions, call (207) 626-8475. The taxpayer assistance lines are available weekdays, 8:00 a.m. - 5:00 p.m.

To arrange a payment plan, call (207) 621-4300. The lines are available weekdays, 8:00 a.m. - 5:00 p.m.

SCHEDULE NR NONRESIDENTS AND PART-YEAR RESIDENTS ONLY

If you are a nonresident or part-year resident of Maine, and you received income as a resident of Maine or, as a nonresident, had income from Maine sources resulting in a Maine income tax liability, you must file a Maine long form (1040ME)*. However, you may not be required to file if your Maine income or the number of days worked in Maine is less than the thresholds defined in 36 M.R.S.A. §5142(8).

**Only full-year residents of Maine may file a Maine short form (1040S-ME). If you file a short form return, you will be treated as a resident of Maine for the entire year.*

Nonresidents and part-year residents who receive income from outside Maine while nonresidents of Maine may be able to claim a nonresident credit calculated on Schedule NR using Worksheet A, Worksheet B and, if necessary, Worksheet C. This credit may be claimed only on the Maine long form (1040ME). Full year residents of Maine may not claim a nonresident credit and should not complete Schedule NR. Do not file Schedule NR if all your income is taxable by Maine.

Nonresidents and part-year residents must include a complete copy of their federal return (including all schedules and worksheets) with the Maine return when filing, even if they are not eligible to claim a nonresident credit.

Nonresidents and part-year residents must file a Maine return using the same filing status as properly used on the federal return and must complete **Form 1040ME and Schedule NR**. However, if one spouse is a full-year Maine resident and the other spouse is not, and a joint federal return was filed, you have two options:

- (1) You can choose to file a joint Maine return as if both were full-year Maine residents; **OR**
- (2) Each can file a Maine return as a single individual using **Form 1040ME with Schedule NRH** (*for more information see Schedule NRH*). Each return must show the proper residency status. You may choose this option only if you filed a joint federal return.

If both spouses are nonresidents, and a joint federal return was filed, but only one spouse has Maine-source income, you have two options:

- (1) You can choose to file a joint Maine return and determine your joint tax liability as nonresidents using **Form 1040ME with Schedule NR; OR**
- (2) The spouse who has Maine-source income can choose to file a return as a single individual using **Form 1040ME with Schedule NRH** (*for more information see Schedule NRH*).

Maine begins its income tax return with federal adjusted gross income, regardless of residency status. Your tax is first calculated as if you were a resident of Maine for the entire year. Nonresidents and part-year residents must then claim a credit (*calculated on Schedule NR using Worksheets A and B, and if necessary, Worksheet C*) based on the income that was earned outside Maine while a nonresident of Maine.

- ① *Do not begin the Maine return with only the income earned in Maine.*
- ① *Do not subtract the income earned outside Maine as a negative income modification on Maine Schedule 1.*

Schedule NR is designed to separate a nonresident's or part-year resident's income between Maine source income and non-Maine source income. Maine source income includes the following:

- 1) All income received while a resident of Maine.
- 2) Salaries and wages earned working in Maine, including any taxable benefits related to those earnings. **Except**, employees who do not ordinarily work in Maine do not have to file if they worked in Maine for less than 21 days and had no more than \$6,000 in gross income in Maine during the taxable year.
- 3) Income derived from or connected with the carrying on of a trade or business within Maine (including distributive share of income (loss) from partnerships and S corporations operating in Maine).
- 4) Shares of estate and trust income derived from Maine sources.
- 5) Income (loss) attributed to the ownership or disposition of real or tangible personal property in Maine.
- 6) Maine State Lottery or Tri-State Lottery winnings from tickets purchased within Maine on or after July 13, 1993.

Income from intangible sources, such as interest, dividends, annuities, most pensions and gains or losses attributable to intangible personal property, received by a nonresident of Maine is not subject to Maine income tax. However, if that income is related to a business or profession carried on in Maine, it would be subject to Maine income tax.

A part-year resident is subject to Maine income tax on all income derived while a resident of Maine, even if the income is received from out-of-state sources, plus any income derived from Maine sources during the tax year, except as described in #2 above.

Follow the step-by-step instructions for completing Schedule NR. These instructions are printed on page 5 of the Maine nonresident and part-year resident income tax booklet.

Schedule NR, line 1. After you complete the Maine return through line 24 based on your total federal adjusted gross income, complete Schedule NR to calculate the amount of your nonresident credit. To complete Schedule NR, line 1:

- 1) Enter your total federal income in Box A (*from Worksheet B, column A, line 15*).
- 2) Enter all Maine source income in Box B, including any income earned in Maine while a nonresident of Maine (*Worksheet A, column B, line 15 plus Worksheet B, column E, line 15*).
- 3) Enter all non-Maine source income in Box C (*Worksheet B, column D, line 15 minus Worksheet B, column E, line 15*). If you included a taxable state income tax refund on your federal return, do not include that refund when completing Worksheet B or Schedule NR.

Schedule NR, line 2. If the ratio of non-Maine income to total income calculated on Schedule NR, line 2, is less than 0%, enter 0.0000. If the ratio is greater than 100%, enter 1.0000. You may not claim a negative nonresident credit or a nonresident credit that is more than your tax liability otherwise due to Maine. You should always extend the percentage calculations two digits beyond the decimal point; for example, 0.00% (.0000) or 100.00% (1.0000).

Schedule NR, line 3. To complete Schedule NR, line 3, Federal Income Adjustments, multiply the amount of federal income adjustments listed on federal Form 1040, line 32 or federal Form 1040A, line 18, by the percentage calculated on Schedule NR, line 2.

Schedule NR, line 5. If you have completed Maine Schedule 1, Income Modifications, you must complete Schedule NR, line 5. Enter the amount of income modifications from non-Maine sources on Schedule NR, lines 5a and 5b as they apply. Generally, the amount to be entered on these lines is calculated by multiplying the income modifications by the percentage of the year you spent as a nonresident. For example, if you were a nonresident for 9 months of the year, you would enter 9 months worth (75%-9 months divided by 12 months) of the income modifications reported on Maine Schedule 1 on Schedule NR, lines 5a and 5b as they apply.

After completing Schedule NR, any nonresident credit on line 9 is entered on Form 1040ME, line 25. This credit will reduce your Maine taxes for income not taxable to Maine.

- ① If you are a nonresident of Maine, and your only income from Maine sources are losses, you do not need to file an income tax return with Maine, because you have no Maine income tax liability. However, you may choose to file a return with Maine if you expect to have positive income from Maine sources in future years and want to avoid having gaps in your filing history.
- ① You may not use Maine losses in a prior year to offset Maine income in the current year, unless those losses also appear on the federal return for the current year. In other words, you may not carry a loss forward for Maine purposes without also carrying the loss forward for federal purposes. (Certain specific exceptions may apply for individuals who incurred losses from an S corporation with assets over \$1,000,000 in 1989, 1990, 1991 or 1992).
- ① For additional information on determining what types of income are subject to Maine tax when received by a nonresident, refer to **Rule 806** under “Laws and Rules” at www.state.me.us/revenue, or call (207) 624-7894, or write to the address on the cover of this pamphlet.

Attached is a sample return for a part-year resident. The instructions provided within the long form booklet and this pamphlet should provide you with enough information to complete a Maine return for the Jettsons from the information provided below:

Jim and Jennifer Jettson are from New York. They have a six-year-old daughter named Jessica. Jim works as an analyst for a large bank. Effective August 1, 2001, Jim was transferred to Maine while working for the same employer. Jim and his family moved to Maine and became residents of Maine on August 1, 2001. After coming to Maine, Jennifer was able to find a job as a supervisor in a local production facility.

In 2001, Jim earned a total of \$37,895 in wages from the bank. He earned \$25,895 in New York and \$12,000 in Maine. Jennifer earned \$20,000 from her job in Maine. From Jim's pay, \$995 was withheld for New York income taxes and \$600 was withheld for Maine income tax. Jennifer had \$1,000 withheld from her pay for Maine. The Jettsons had \$600 in interest income throughout the year, \$300 of which came from U.S. Government bonds.

The Jettsons filed a married joint federal income tax return for 2001 and reported federal adjusted gross income of \$56,495. They contributed \$2,000 to their IRA for the tax year and had total federal itemized deductions of \$8,649, which included state income taxes of \$2,595.



010210100

STEP 6Enter Your
Tax
Payments
and
Refundable
Credit

| | | | | | | | | | | | | |
|----|--|-----|--|--|--|---|---|---|---|---|---|---|
| 27 | Amount from line 26. (NET TAX) - If less than zero, enter zero here. | 27 | | | | 1 | 2 | 6 | 2 | . | 0 | 0 |
| 28 | TAX PAYMENTS. | | | | | | | | | | | |
| a | Maine Income Tax Withheld. (Enclose W-2 and 1099 forms). | 28a | | | | 1 | 6 | 0 | 0 | . | 0 | 0 |
| b | 2001 Estimated Tax Payments and 2000 Credit Carried Forward. (Nonresidents: Include any REAL ESTATE WITHHOLDING Tax Payments). | 28b | | | | | | | | . | | |
| c | Extension payment | 28c | | | | | | | | . | | |
| d | Refundable child care credit. Enclose the Child Care Credit Worksheet on page 20. Enter amount from the Child Care Credit Worksheet, line 5. | 28d | | | | | | | | . | | |
| e | TOTAL (Add lines 28a, b, c, and d) | 28e | | | | 1 | 6 | 0 | 0 | . | 0 | 0 |

STEP 7Calculate
Your USE TAX
and Voluntary
Contributions

| | | | | | | | | | | | | |
|----|---|----|--|--|--|--|---|---|---|---|---|---|
| 29 | OVERPAYMENT. If line 28e is larger than line 27, enter amount overpaid (Line 28e minus line 27) | 29 | | | | | 3 | 3 | 8 | . | 0 | 0 |
| 30 | UNDERPAYMENT. If line 27 is larger than line 28e, enter amount underpaid (Line 27 minus line 28e) | 30 | | | | | | | | . | | |
| 31 | USE TAX (SALES TAX). (See Instructions.) | 31 | | | | | | | | . | | |
| 32 | VOLUNTARY CONTRIBUTIONS AND PARK PASSES. (From Schedule CP, line 10) | 32 | | | | | | | | . | | |

STEP 8Your
REFUND
or
TAX DUE

| | | | | | | | | | | | | |
|----|---|-----|--|--|--|--|---|---|---|---|---|---|
| 33 | REFUND. (Line 29 minus lines 31 and 32) - NOTE: If total of lines 31 and 32 are greater than line 29, enter as amount due on line 35c below | 33 | | | | | 3 | 3 | 8 | . | 0 | 0 |
| 34 | Amount to be CREDITED to 2002 estimated tax 34a | 34a | | | | | | | | . | | |
| | | 34b | | | | | 3 | 3 | 8 | . | 0 | 0 |

IF YOU WOULD LIKE YOUR REFUND SENT DIRECTLY TO YOUR BANK ACCOUNT OR TO YOUR NEXTGEN COLLEGE INVESTING PLAN® ACCOUNT, see the instructions on page 8 and fill in the lines below. NOTE: Completing the information below authorizes Maine Revenue Services to disclose your social security number, listed on the front of this form, to your financial institution for the sole purpose of depositing your income tax refund directly into your bank account or NextGen College Investing Plan® Account.



34c Routing Number

34e Type of Account:

- ☐ Checking
☐ Savings
☐ NextGen

34d Account Number

| | | | | | | | | | | | | |
|----|---|-----|--|--|--|--|--|--|--|---|--|--|
| 35 | a TAX DUE. (Add lines 30, 31, and 32) | 35a | | | | | | | | . | | |
| | b Underpayment Penalty (Attach Form 2210ME) Check if you used the annualized income installment method <input type="checkbox"/> | 35b | | | | | | | | . | | |
| | c TOTAL AMOUNT DUE. (Add lines 35a and 35b) (Pay in full with return) ENCLOSE CHECK payable to: Treasurer, State of Maine. Include your social security number on your check to receive proper credit on your account. DO NOT SEND CASH. | 35c | | | | | | | | . | | |



FOR MAINE RESIDENTS ONLY: If you would like to receive a 2002 Maine Residents Property Tax and Rent Refund Application Check here: ☐

The Maine Residents Property Tax and Rent Refund program is a property tax relief program for qualified homeowners or renters who live in Maine. The 2001 program was generally available to Maine residents with household income less than \$43,600 for multi-member households or less than \$28,100 for single-member households. Also, your property taxes must have been greater than 4% of your income or your rent must have been greater than 22% of your income. The application period is August 1, 2002 through December 31, 2002. THE APPLICATION WILL BE MAILED TO YOU IN AUGUST 2002 unless your income on line 16 exceeds the income limits for this program.



To reduce printing and postage costs, if you have your return done by a tax preparer and do not need Maine income tax forms and instructions mailed to you next year, check box at right ☐

IMPORTANT NOTE

If taxpayer is deceased,
enter date of death.

If spouse is deceased,
enter date of death.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

SIGN HERE
Keep a
copy of
this
return for
your
records

YOUR SIGNATURE

DATE SIGNED

YOUR OCCUPATION

SPOUSE'S SIGNATURE (IF JOINT RETURN, BOTH MUST SIGN)

DATE SIGNED

SPOUSE'S OCCUPATION

If necessary to process your return, may Maine Revenue Services discuss the contents of the return with the preparer shown below? ☐ Yes ☐ No

PREPARER'S SIGNATURE

DATE

PREPARER'S PHONE NUMBER

FIRM'S NAME (OR YOURS, IF SELF-EMPLOYED)

PREPARER'S SSN or PTIN



If requesting a REFUND, mail to: Maine Revenue Services, P.O. Box 9111, Augusta, ME 04332-9111

If NOT requesting a refund, mail to: Maine Revenue Services, P.O. Box 1067, Augusta, ME 04332-1067

DO NOT SEND PHOTOCOPIES OF RETURNS

OFFICE USE ONLY:

CK \$

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2001

SCHEDULES 1 & 2

Enclose with your Form 1040ME



010210200

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0 0 0 0 0 1 2 3 4

SCHEDULE 1 — INCOME MODIFICATIONS

1 ADDITIONS — Income exempt from federal income tax, but taxable by Maine law:

- a Income from municipal and state bonds, other than Maine 1a
- b Net Operating Loss Recovery Adjustment (Attach a schedule showing your calculation) 1b
- c Maine State Retirement Contributions 1c
- d Fiduciary Adjustment- additions only (Attach a copy of your federal Schedule K-1) 1d
- e Other (See instructions) 1e
- f Total additions (Add lines 1a through 1e) 1f

2 DEDUCTIONS — Income exempt from Maine income tax, but taxable by federal law:

- a U.S. Government Bond interest included in federal adjusted gross income 2a 3 0 0 0 0 0
- b State Income Tax Refund (List only if included in federal income) 2b
- c Social Security and Railroad Retirement Benefits included in federal adjusted gross income
(See instructions) 2c
- d Pension Income Deduction (Complete and attach the worksheet on page 18) 2d
- e Interest from Maine Municipal General Obligation Bonds included in federal adjusted gross income 2e
- f Premiums for Long-Term Care Insurance (Do not include health insurance premiums on this line)
(See instructions). NOTE: If you itemize deductions, see worksheet for line 2f on page 9 2f
- g Maine State Retirement System Pick-Up Contributions paid to the taxpayer during 2001
which have been previously taxed by the state 2g
- h Federal Work Opportunity Credit 2h
- i Fiduciary Adjustment-deductions only (Attach a copy of your federal Schedule K-1) 2i
- j Other. List _____ (See instructions) 2j
- (Nonresidents and Part-year residents - Do not enter non-Maine income)
- k Total Deductions (Add lines 2a through 2j) 2k 3 0 0 0 0 0

3 Net Modification (Subtract line 2k from line 1f — enter here and on 1040ME, page 1, line 15
(May be a negative amount))3 - 3 0 0 0 0 0

SCHEDULE 2 — ITEMIZED DEDUCTIONS

- 4 Total itemized deductions from federal Form 1040, Schedule A, line 28 4 8 6 4 9 0 0
- 5 a Income taxes imposed by this state or any other taxing jurisdiction included in line 4 above
(From federal Form 1040, Schedule A, line 5 — see instructions if page 1, line 14 exceeds \$132,950
[\$66,475 if Married Filing Separately]) 5a 2 5 9 5 0 0
- b Deductible costs, included in line 4 above, incurred in the production of Maine exempt income
(See instructions) 5b
- c Amounts included in line 4 that are also being claimed for the Family Development Account Credit
on Maine Schedule A, line 23. 5c
- d Amount included in line 4 attributable to income from an ownership interest in a flow-through entity
financial institution 5d
- 6 Deductible costs of producing Maine taxable income, excluded from line 4 above, incurred in the
production of federally exempt income 6
- 7 Line 4 minus lines 5a, b, c and d plus line 6. Enter result here and on 1040ME, page 1, line 17 7 6 0 5 4 0 0

Note: If the amount on line 7 is less than your allowable standard deduction, use the standard deduction.
If Married Filing Separately, however, both spouses must either itemize or use the standard deduction.

WORKSHEET A**Residency Information Worksheet for Nonresidents/Part-year Residents**

Enclose with your Form 1040ME

During 2001:

| | Yourself NY, ME | Spouse NY, ME |
|---|---------------------------|-------------------------|
| 1. I was domiciled in (Enter state) | | |
| 2. I was in the military and stationed in (Enter state or country) | | |
| 3. I became a Maine resident (Enter date) | 08/01/01 | 08/01/01 |
| (Enter the state of prior residence) | NY | NY |
| 4. I became a nonresident (Enter date of move) | | |
| (Enter new State of residence) | | |
| 5. I was a nonresident of Maine the entire year (Enter state or country of residence) | | |
| 6. The number of days I spent in Maine (for any purpose) is | 153 | 153 |
| 7. I owned a home/real property in Maine (Enter "Yes" or "No") | Yes | Yes |

WORKSHEET B**Income Allocation Worksheet for Nonresidents/Part-Year Residents**

Enclose with your Form 1040ME

(Nonresidents and Part-year residents must complete this worksheet before completing Schedule NR or Schedule NRH)

| (NOTE: Married persons filing separate Maine income tax returns must complete separate worksheets) | | Federal Income | Maine Resident Period (Part-year Residents only) | | Nonresident Period (Nonresidents & Part-year Residents) | | |
|--|----|---|---|---|--|--|--|
| | | Column A Income from federal return | Column B Income from Column A for this period | Column C Income from Column B earned outside of Maine | Column D Income from Column A for this period | Column E Income from Column D from Maine sources | |
| 1. Wages, salaries, tips, other compensation* ... | 1 | 57,895 | 32,000 | | 25,895 | | |
| 2. Taxable Interest | 2 | 600 | 250 | | 350 | | |
| 3. Ordinary dividends | 3 | | | | | | |
| 4. Alimony received | 4 | | | | | | |
| 5. Business income/loss | 5 | | | | | | |
| 6. Capital gain/loss | 6 | | | | | | |
| 7. Other gains/losses | 7 | | | | | | |
| 8. Taxable amount of IRA distributions | 8 | | | | | | |
| 9. Taxable amount of pensions and annuities ... | 9 | | | | | | |
| 10. Rental real estate, royalties, partnerships, S corporations, and trusts, etc | 10 | | | | | | |
| 11. Farm income/loss | 11 | | | | | | |
| 12. Unemployment Compensation | 12 | | | | | | |
| 13. Taxable Amount of social security benefits ... | 13 | | | | | | |
| 14. Other income (Including lump-sum distributions, but excluding state income tax refunds) | 14 | | | | | | |
| 15. Add lines 1 through 14 | 15 | 58,495 | 32,250 | | 26,245 | | |

NOTE: See instructions on page 3 on how to use Worksheet B, line 15 entries to complete line 1 of Schedule NR or Schedule NRH.

*If nec Worksheet C on page 8 to calculate the amount for line 1, Column E.

SCHEDULE NR

FORM 1040ME

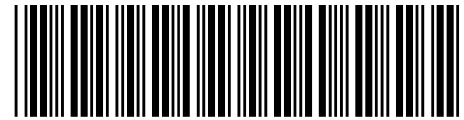
2001

SCHEDULE for CALCULATING the NONRESIDENT CREDIT NONRESIDENTS AND PART-YEAR RESIDENTS ONLY

This schedule must be enclosed with your completed Form 1040ME.

If part-year resident, enter dates you were a Maine Resident

from _____ to _____.



010210600

Name(s) as shown on Form 1040ME

Jim & Jennifer Jettson

Your Social Security Number

0 0 0 - 0 0 - 1 2 3 4

WHO MUST FILE SCHEDULE NR? Nonresident and part-year resident individuals who are required to file a Maine return, but have income not taxable by Maine **and** use the same filing status on the Maine return as used on the federal return. See page 5 for specific line-by-line instructions.

DO NOT FILE SCHEDULE NR IF: All your income is taxable by Maine or if your federal filing status is "Married filing joint" and you elect to file "Single" on the Maine return (see instructions for Schedule NRH on page 6). **You do not have to complete Schedule NR if you qualify for the low-income tax credit** (See instructions for Form 1040ME, line 22).

YOU MUST ENCLOSE A COMPLETE COPY OF YOUR FEDERAL RETURN, including all schedules and worksheets. Enclose copies of W-2 forms from other states or temporary duty (TDY) papers to support entries in Column C. If you filed your federal return using the IRS Telefile system, attach a copy of your Telefile worksheet to your Maine income tax return.

IMPORTANT: Complete Worksheets A and B before completing Schedule NR or Schedule NRH.

| | Box A FEDERAL | Box B MAINE | Box C NON-MAINE |
|--|------------------|----------------|--------------------|
| 1 INCOME — (Complete and attach Worksheets A and B on page 7): | \$ 58,495 | \$ 32,250 | \$ 26,245 |
| 2 RATIO OF INCOME: Divide line 1, Box C by line 1, Box A (If less than 0, enter 0.0000. If greater than 100, enter 1.0000) | . 4 4 8 7 | | |
| COMPLETE THIS SECTION ONLY IF YOU HAVE FEDERAL INCOME ADJUSTMENTS | | | |
| 3 FEDERAL INCOME ADJUSTMENTS — NON-MAINE-SOURCE ONLY: Multiply amount on federal Form 1040, line 32, or Form 1040A, line 18 by the percentage listed on line 2. Enter result here | 897.00 | | |
| 4 FEDERAL ADJUSTED GROSS INCOME NON-MAINE-SOURCE ONLY: Line 1, Box C minus line 3 | 25,348.00 | | |
| COMPLETE THIS SECTION ONLY IF YOU HAVE INCOME MODIFICATIONS (Form 1040ME, line 15) | | | |
| 5 INCOME MODIFICATIONS — NON-MAINE-SOURCE ONLY: | | | |
| a Additions — Specify | | | |
| b Deductions — Specify U.S. Gov't Bond Int - (\$300 x .4487) | 135.00 | | |
| c Total Modifications: line 5a minus line 5b (may be a negative amount) | -135.00 | | |
| 6 NON-MAINE ADJUSTED GROSS INCOME: Add or subtract line 5c to or from line 4 | 25,213.00 | | |
| 7 RATIO OF MAINE ADJUSTED GROSS INCOME: Divide amount on line 6 by amount from Form 1040ME, line 16. (If less than 0, enter 0.0000. If greater than 100, enter 1.0000.) | . 4 4 8 7 | | |
| 8 TAX SUBTOTAL: Enter from Form 1040ME, line 20 plus line 21 (except for minimum tax) minus lines 22 and 28d minus Maine Schedule A, lines 5 - 7 | 2,290.00 | | |
| 9 NONRESIDENT CREDIT: Multiply amount on line 8 by line 7. Enter result here and on Form 1040ME, line 25 | 1,028.00 | | |